Financing Agreement

(Additional Financing for the Urban Development Project)

between

DEMOCRATIC REPUBLIC OF CONGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 13, 2017
CREDIT NUMBER 6034-ZR

FINANCING AGREEMENT

AGREEMENT dated 1st May, 2017, entered into between the DEMOCRATIC REPUBLIC OF CONGO ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to sixty-six million five hundred thousand Special Drawing Rights (SDR 66,500,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are April 15 and October 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely, that the legislation pertaining to the Permanent Secretariat, the Target Cities, or any other entity or agency involved in the implementation of the Project, or any text pertaining to their operation, shall have been breached or shall have been amended, suspended, abrogated, repealed or waived so as to adversely affect their ability to implement the Project or perform any of their obligations under this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following:

(a) The Recipient has approved and updated the Project Implementation Manual in form and substance acceptable to the Association.

5.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.

5.03. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its minister responsible for finance.
6.02. The Recipient’s Address is:

Ministry of Finance
*Rue Lubefu No 20, Commune de la Gombe*
Kinshasa I
Democratic Republic of Congo

Facsimile: email:
00 243 99 39 0039 cabfinances@minfinrdc.com

6.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex: Facsimile:
248423 (MCI) 1-202-477-6391
AGREED at Kinshasa, June 13, as of the day and year first above written.

DEMOCRATIC REPUBLIC OF CONGO

By: ____________________________
    Authorized Representative

Name: Henri Ngou MULANG

Title: Ministre de Finances

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: ____________________________
    Authorized Representative

Name: Ahmadou Taoufique NDIAYE

Title: Country Director
SCHEDULE 1

Project Description

The objectives of the Project are to improve access to basic services and infrastructure and strengthen urban and municipal management of the Target Cities.

The Project consists of the following parts:

Part 1. Primary Infrastructure

(a) Investments in primary infrastructure in the Original Target Cities, including, *inter alia*: (i) improvement of select urban roads; and (ii) financing of other urban priorities as further determined on the basis of the Local Development Plan for each said Original Target City.

(b) Investments in primary infrastructure in the Additional Target Cities including, *inter alia*: (i) improvement of select urban roads; and (ii) financing of other urban priorities as further determined on the basis of the Local Development Plan for each said Additional Target City.

Part 2. Urban Governance

(a) Use of Performance-Based Grants to the Target Cities to support a program of specific investments in, *inter alia*: (i) local-level social infrastructure, including health centers and schools; (ii) water and sanitation works; (iii) secondary drainage systems; (iv) local markets; and (v) access roads.

(b) Provision of institutional capacity to the Target Cities through, *inter alia*: (i) establishment and/or update of the automated financial management system in Target Cities, including a financial management manual and regular reporting; (ii) strengthening of procurement performance in Target Cities; (iii) establishment and/or update of asset registers and maintenance of the said asset registers; (iv) preparation and annual update of an operations and maintenance plan for the asset registers; (v) expansion and/or enhancement of management systems for commercial infrastructure, including markets and transport in Target Cities; (vi) preparation and/or update of Local Development Plans for the Target Cities and provision of support to Target Cities’ implementation of participatory budgeting; (vii) provision of technical assistance to selected local civil societies; (viii) provision of overall technical assistance through the use of select experts; (ix) provision of support towards south-south exchange for Target Cities on urban management and decentralization; (x) provision of support towards the preparation and/or update of Urban
Development Plans for the Target Cities; (xi) carrying out of a study on special investment and planning needs for Goma; (xii) carrying out of a study on street addressing; (xiii) Provision of Training to staff and officials of Target Cities.

(c) Support to Recipient’s central and provincial agencies through, inter alia: (i) strengthening the capacity of central and provincial agencies to support Target Cities in areas of asset management, budgeting, procurement, and monitoring and evaluation; (ii) strengthening the capacity of OVD and BEAU in Project monitoring and evaluation, economic analysis, programming and maintenance of investments, and asset management; (iii) training of select construction companies and work-supervision consultants on use of labor-intensive construction techniques and use of local construction materials; (iv) preparation and dissemination of a common framework for the establishment and operation of asset management; (v) carrying out of annual performance assessments of the Target Cities and establishment of the modalities for a sustainable performance assessment mechanism to be maintained beyond the Project; (vi) carrying out of studies on the revision of urban planning and other related legislation (vii) technical assistance to strengthen the capacity of selected ministerial departments and institutions responsible for monitoring and evaluation; (viii) outreach and awareness-raising campaigns for the purpose of promoting transparency in Project implementation; and (ix) provision of logistical support to the Court of Auditors to undertake annual external audit of the Target Cities budget.

(d) Carrying out of specialized studies on select activities under the Project including, inter alia: (i) an assessment of the allocation system to Target Cities as implemented under the Project; (ii) evaluation of options for the development of a standard allocation system for all Target Cities; (iii) carrying out of beneficiary satisfaction surveys and specialized Project impact evaluations; and (iv) carrying out of a study addressing land tenure issues and improving the fluidity of the land market.

(e) Project coordination, management and monitoring, preparation of financial and technical audits and periodic evaluations and provisions of goods, Training, Operating Costs and consultants’ services for the said purpose.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. MOUPH

The Ministry of Spatial and Urban Planning and Housing (MOUPH) shall be responsible for overall Project implementation and management with the relevant assistance of the Recipient’s ministry responsible for decentralization.

2. Project Steering Committee

(a) The Recipient shall maintain, at all times during the implementation of the Project, the Project Steering Committee with a mandate, composition and resources satisfactory to the Association.

(b) Without limitation upon the provisions of paragraph (a) of Section I.A.2 of this Schedule 2, the Project Steering Committee shall be chaired by a representative of MOUPH and co-chaired by a representative of the ministry responsible for decentralization and shall be comprised of, inter alia, secretary generals of the Recipient’s ministries at the time responsible for plan, budget, and land affairs and representatives of the private sector and civil society organizations.

(c) The Project Steering Committee shall meet at least semi-annually and shall be responsible for Project oversight, including inter alia: providing overall Project guidance, facilitating coordination of Project activities and assuring coherence with other related government and donor-funded programs.

3. Permanent Secretariat

(a) The Recipient shall maintain, at all times during Project implementation, the Permanent Secretariat within MOUPH with composition, terms of reference and resources satisfactory to the Association ("Permanent Secretariat").

(b) Without limitation upon the provisions of paragraph (a) of Section I.A.3 of this Schedule 2, the Permanent Secretariat shall at all times: (i) be comprised of qualified and experienced personnel in adequate numbers; and (ii) be responsible for day-to-day Project coordination and implementation, including, inter alia: (A) consolidating and preparing
proposed annual work plans of activities for inclusion in the Project, and updating the procurement plan and related budgets and consolidating Project Reports for the Project Steering Committee's review; (B) carrying out Project financial management and procurement activities; and (C) monitoring and evaluating the Project.

(c) The Recipient shall recruit no later than three (3) months of the Effective Date to the Permanent Secretariat, two technical specialists and one communications expert, all with terms of reference and experience satisfactory to the Association.

4. Provincial Steering Committee

(a) Notwithstanding the provisions of Section I.A.2 to this Schedule 2, the Recipient shall maintain, at all times during the implementation of the Project, a provincial steering committee in each Project Province with a mandate, composition and resources satisfactory to the Association ("Provincial Steering Committee").

(b) Without limitation upon the provisions of paragraph (a) of Section I.A.4 of this Schedule 2, each Provincial Steering Committee shall be chaired by the governor of the relevant Project Province and shall be comprised of, inter alia, the ministers of such Project Province at the time responsible for urban planning and housing, plan and modernity, budget, land affairs, and decentralization; representatives of the private sector, civil society organizations and OVD in the Project Province; and the mayor of the Target City located within the Project Province.

(c) Each Provincial Steering Committee shall meet once every calendar semester and shall be subordinate to the Project Steering Committee being responsible for oversight of Project activities in the Project Province in which it is located, including inter alia: ensuring the conformity of Project activities to the urban development framework of the Project Province, reviewing all documents and reports produced at the provincial level for submission to the Project Steering Committee through the Permanent Secretariat, ensuring implementation of the recommendations of the Project Steering Committee by Target Cities; monitoring annual work plans; and ensuring the involvement of local communities affected by Project activities.

5. Target Cities

a) For purposes of the effective implementation of the Project, the Recipient shall ensure that each Target City has designated official(s) responsible for representing the Target City, including but not limited to technical teams.
b) Each Target City, as represented by its mayor or if elected, by its urban council shall, after the Effective Date, in consultation with its population, prepare the Local Development Plans referred to in Part 2(b)(vi) of the Project and shall be responsible for preparing the investment proposals, based on said Local Development Plans, to be submitted to the Project Steering Committee for the purpose of Performance-Based Grant financing and thereafter, validate the technical designs for any investment project selected for Performance-Based Grant financing.

6. Flying Capacity Building Team

To facilitate the carrying out of Part 2(b)(viii) of the Project, the Recipient shall maintain a team of experts, all with qualifications, experience, and terms of reference acceptable to the Association who shall, inter alia, provide technical assistance and training to the Target Cities on an as-needed basis ("Flying Capacity Building Team").

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Manuals

1. The Recipient shall carry out the Project in accordance with the Project Implementation Manual and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the Project Implementation Manual, or any provision thereof.

2. In the event of any conflict between the provisions of the Project Implementation Manual and those of this Agreement, the provisions of this Agreement shall prevail.

E. Performance-Based Grants

1. Eligibility Criteria

(a) No Target City shall be eligible for a Performance-Based Grant, unless the Recipient shall have determined, on the basis of an annual independent performance assessment conducted in accordance with guidelines acceptable to the Association, that the Target City has satisfied the requirements of the performance-based criteria set forth in the Project Implementation Manual and as may be amended from time to time with the Association's prior approval.
(b) No proposed Subproject shall be eligible for financing under the Project unless such Subproject has been selected in accordance with the procedures outlined in the Project Implementation Manual and such proposed Subproject satisfies the eligibility criteria specified in further detail in the Project Implementation Manual, which shall include the following, namely that the proposed Subproject:

(i) is included in the Local Development Plan and the budget prepared by the relevant Target City;

(ii) has a verified local economic development or poverty reduction potential;

(iii) shall be implemented by labor-intensive construction methods, if feasible;

(iv) has the potential to create jobs;

(v) is accompanied by an operation and maintenance plan within the technical and financial capacities of the city;

(vi) does not contradict the national and provincial priorities for the sector;

(vii) has a plan for availability of personnel upon completion, if required;

(viii) is not being financed from sources other than a Performance-Based Grant;

(ix) is technically feasible and environmentally and socially sound, and where feasible, includes a focus on women; and

(x) is in compliance with all laws and regulations of the Recipient.

2. Performance-Based Grant Agreements

(a) The Recipient shall make each Performance-Based Grant to a Target City under a Performance-Based Grant Agreement to be entered into between the Recipient, the Target City and the relevant Project Province in the form attached to the Project Implementation Manual, on terms and conditions approved by the Association ("Performance-Based Grant Agreement"), which shall include the following:

(i) The Performance-Based Grant shall not exceed the lesser of:
(A) the total estimated cost of the Subproject for purposes of
which the Performance-Based Grant shall be made; and (B) the maximum annual allocation of the Performance-Based Grant for the Target City, as stated in the Project Implementation Manual.

(ii) The obligations of each party for the successful implementation of the Subproject shall be outlined in detail, which shall, inter alia, elaborate the oversight responsibilities of the Project Province but limit its powers in the use of the proceeds of the Performance-Based Grant, except that the Project Province shall retain the authority to assess the eligibility, as determined under the Recipient’s laws, of the expenditures financed from the said proceeds.

(iii) To facilitate the carrying out of the obligations under paragraph (iv)B below, the Recipient shall require the Target Cities to enter into a delegated management agreement with the Recipient, through the Permanent Secretariat for the implementation of the Subprojects (“Delegated Management Agreement”) until such time as the Target Cities shall have acquired the capacity, as determined by the Association, to implement the Subprojects.

(iv) The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the following:

A. the Recipient shall have the right to suspend or terminate the right of the Target City to use the proceeds of the Performance-Based Grant, or obtain a refund of all or any part of the amount of the Performance-Based Grant, then withdrawn, upon the Target City’s failure to perform any of its obligations under the Performance-Based Grant Agreement; and

B. each Target City shall be required to: (1) carry out or cause its Subproject to be carried out, with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance: (a) with the provisions of the Anti-Corruption Guidelines applicable to recipients of Financing proceeds other than the Recipient; and (b) with the Safeguards Instruments, including, if a Resettlement Plan for the Subproject is required, all measures required to be taken pursuant to such plan prior to the commencement of works are taken as required; (2) provide, promptly as needed, the
resources required for the purpose; (3) procure the goods, works and services to be financed out of the Performance-Based Grant in accordance with the provisions of this Agreement; (4) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Subproject and the achievement of its objectives; (5) (a) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Subproject; and (b) at the Recipient's or the Association's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (6) enable the Recipient and the Association to inspect the Subproject, its operation and any relevant records and documents; and (7) prepare and furnish to the Recipient or the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

C. The Recipient shall exercise its rights under each Performance-Based Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Performance-Based Grant Agreement or any of its provisions.

3. Independent Performance Assessment Team

In order to achieve the objectives of Part 2(a) of the Project, the Recipient shall recruit an independent performance assessment team ("Independent Performance Assessment Team"), in accordance with the provisions of Section III of this Schedule 2, with qualifications, experience and terms of reference acceptable to the Association to assist the Recipient in, inter alia, the annual performance assessment of Target Cities referred to in paragraph 1(a) of this Section D.
F. Annual Work Plans and Budgets

1. Not later than November 30 in each calendar year (or one month after the Effective Date for the first year of Project implementation), the Recipient shall prepare and furnish to the Association: (a) a draft annual work plan and budget for the Project (including Training and Operating Costs) for the subsequent calendar year of Project implementation, of such scope and detail as the Association shall have reasonably requested; as well as (b) any Supplemental Social and Environmental Safeguards Instruments which are required for the implementation of the activities included in the draft annual work plan and budget.

2. The Recipient shall afford the Association a reasonable opportunity to review such draft annual work plan and budget, and thereafter shall carry out such annual work plan and budget during such subsequent calendar year as shall have been approved by the Association ("Annual Work Plan and Budget"). Only those activities that are consistent with the Annual Work Plan and Budget shall be eligible for financing out of the proceeds of the Financing.

3. For any training proposed to be included in an Annual Work Plan and Budget, the Recipient shall, inter alia, identify: (a) particulars of the training envisaged; (b) the criteria for selection of the personnel to be trained, and such personnel if known; (c) the selection method of the institution or individuals conducting such training; (d) the institution conducting such training if identified; (e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.

4. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Association's prior written approval.

G. Safeguards

1. The Recipient shall implement the Project in accordance with the relevant Safeguards Instruments, and shall, to that end:

   (a) if any activity under the Project would require the adoption of any Supplemental Social and Environmental Safeguards Instrument:

      (i) prepare: (A) such Supplemental Social and Environmental Safeguards Instrument in accordance with the applicable ESMF or RPF; (B) furnish such Supplemental Social and Environmental Safeguards Instrument to the Association for review and approval; and (C) thereafter adopt such Supplemental Social and Environmental Safeguards Instrument prior to implementation of the activity; and
(ii) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such Supplemental Social and Environmental Safeguards Instrument; and

(b) if any activity under the Project would involve Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before resettlement measures under a Supplemental Social and Environmental Safeguards Instrument prepared in accordance with the RPF including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, have been taken.

2. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, for each Supplemental Social and Environmental Safeguards Instrument, regularly collect, compile and furnish to the Association reports in form and substance satisfactory to the Association, on the status of compliance with each Supplemental Social and Environmental Safeguards Instrument, as part of the Project Reports, giving details of:

(a) measures taken in furtherance of such Supplemental Social and Environmental Safeguards Instrument;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Supplemental Social and Environmental Safeguards Instrument; and

(c) remedial measures taken or required to be taken to address such conditions.

3. In the event that any provision of the Safeguards Instruments shall conflict with any provision under this Agreement, the provisions of this Agreement shall prevail.

4. The Recipient shall ensure that:

(a) all terms of reference for any technical assistance and studies to be carried out under the Project are consistent with the Association’s environmental and social safeguards policies; and

(b) in any Project activity that may support the drafting of regulatory instruments for the purpose of urban planning, due attention will be given to said policies.
Section II.  Project Monitoring, Reporting and Evaluation

A.  Project Reports

1.  The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

B.  Financial Management, Financial Reports and Audits

1.  The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2.  The Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3.  The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

4.  The Recipient shall update the existing financial management system in a form satisfactory to the Association.

5.  The Recipient shall maintain throughout the implementation of the Project, an accountant with terms of reference and qualifications satisfactory to the Association.

Section III.  Procurement

A.  General

1.  Goods, Works and Non-Consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. **Particular Methods of Procurement of Goods, Works and Non-Consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, Goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-Consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

<table>
<thead>
<tr>
<th>Procurement Method</th>
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<tbody>
<tr>
<td>(a) National Competitive Bidding, subject to the additional procedures set forth in paragraph 3 below</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Limited International Bidding</td>
</tr>
<tr>
<td>(e) Procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Associations.</td>
</tr>
</tbody>
</table>

3. **Additional Provisions for National Competitive Bidding**

National Competitive Bidding may be used subject to using the open procedure (“appel d’offres ouvert”) set forth in the Recipient’s Public Procurement Law No 10/010 dated April 27, 2010 (the “PPL”), and the Manual of Procedures of the PPL as per Recipient’s Decree No 10/22 dated June 2, 2010 (the “Manual of Procedures”), provided however that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of Section III of the Procurement Guidelines and the additional following modifications:
(a) **Standard Bidding Documents**: All standard bidding documents to be used for the Project under NCB shall be found acceptable to the Association before their use during the implementation of Project.

(b) **Eligibility**: Eligibility of bidders and acceptability of their goods and services shall not be based on their nationality and/or their origin; and association with a national firm shall not be a condition for participation in a bidding process. Therefore, except for the ineligibility situations referred to in paragraphs 1.10(a)(i) and 1.10(a)(ii) of the Procurement Guidelines, the eligibility of bidders must be based solely on their qualification, experience and capacity to carry out the contract related to the specific bidding process.

(c) **Advertising and Bid Preparation Time**: Bidding opportunities shall be advertised at least in a national newspaper of wide circulation and on the website of the Recipient’s Procurement Regulator (*Autorité de Régulation des Marchés Publics*) and bidders should be given at least 30 days from the date of invitation to bid or the date of availability of the bidding documents, whichever is later.

(d) **Criteria for Qualification of Bidders**: Qualification criteria shall only concern the bidder’s capability and resources to perform the contract taking into account objective and measurable factors. Such criteria for qualification of bidders shall be clearly specified in the bidding documents.

(e) **Bid Evaluation and Contract Award**: A contract shall be awarded to the substantially responsive and lowest evaluated bidder provided that such bidder meets the qualification criteria specified in the bidding documents. No scoring system shall be allowed for the evaluation of bids, and no “blanket” limitation to the number of lots which can be awarded to a bidder shall apply. The criteria for bid evaluation and the contract award conditions shall be clearly specified in the bidding documents.

(f) **Preferences**: No preference shall be given to domestic/regional bidders; to domestically/regionally manufactured goods; and to bidders forming a joint venture with a national firm or proposing national sub-contractors or carrying out economic activities in the territory of the Recipient.

(g) **Publication of Contract Award**: Information on all contract awards shall be published in at least a national newspaper of wide circulation or in the Recipient’s Procurement Regulator (*Autorité de Régulation des Marchés Publics*) web-site.
(h) **Fraud and Corruption:** In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the Association’s policy to sanction firms or individuals found to have engaged in fraud and corruption as set forth in the Procurement Guidelines.

(i) **Inspection and Audit Rights:** In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the Association’s policy with respect to inspection and audit of accounts, records and other documents relating to the bid submission and contract performance.

(j) **Requirement for administrative documents and/or tax clearance certificate:** The bidding documents shall not require foreign bidders to produce any administrative or tax related certificates prior to confirmation of awarding a contract.

(k) **Modifications of a Signed Contract:** Any change in the contract amount which, singly or combined with all previous changes, increases the original contract amount by 15% (fifteen percent) or more must be done through an amendment to the signed contract instead of signing a new contract.

C. **Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan:

<table>
<thead>
<tr>
<th>Procurement Method</th>
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</thead>
<tbody>
<tr>
<td>(a) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(b) Least Cost Selection</td>
</tr>
<tr>
<td>(c) Selection based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(d) Single Source Selection of consulting firms</td>
</tr>
<tr>
<td>(e) Selection of Individual Consultants set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines</td>
</tr>
<tr>
<td>(f) Single source procedures for selection of individual consultants</td>
</tr>
</tbody>
</table>
D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services, Training and Operating Costs for Part 1(b) and 2(b), (c), (d) and (e) of the Project.</td>
<td>37,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works and consultants’ services for Subprojects under Part 2(a) of the Project</td>
<td>29,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>66,500,000</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
   (a) for payments made prior to the date of this Agreement; and
   (b) under Category (2), until the proceeds of the Original Financing allocated to Category (2) of the table in Section IV.A.2 of the Schedule 2 to the Original Financing Agreement have been fully committed or disbursed.

2. The Closing Date is November 30, 2022.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage) *</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 15 and October 15, commencing October 15, 2023 to and including 15 April 15, 2055</td>
<td>1.5625%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Definitions

1. “Additional Target Cities” mean the cities of Goma, Kisangani and Kolwezi.

2. “Affected Person” means a person who as a result of: (a) the involuntary taking of land under the Project is affected in any of the following ways: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas suffers adverse impacts on his or her livelihood; and “Affected Person” means any of the Affected Persons.


4. “BEAU” means Bureau d’Etudes d’Amenagement et d’Urbanisme, the Recipient’s specialized urban planning and development agency, established pursuant to the Recipient’s Arrèbre No. CAB/TPA/T/60/75/ du 25 mai 1975.

5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


7. “Court of Auditors” means the Recipient’s supreme audit institution established pursuant to the Recipient’s Ordonnance-loi No. 87-005 du 06 Févier 1987 fixant composition, organisation et fonctionnement de la cour de comptes.

8. “Delegated Management Agreement” means the agreement to be entered into between the Permanent Secretariat and the Target Cities pursuant to the requirements of Section I.E.2(a)(iii) of Schedule 2 to this Agreement.

9. “Environmental and Social Management Framework” and “ESMF” mean the framework disclosed in the Recipient’s territory on December 24, 2012, and at the Association’s Infoshop on January 15, 2013, and updated and disclosed on March 1, 2017, in form and substance satisfactory to the Association, outlining environmental and social implementation procedures, mitigation measures and monitoring procedures for the Project, as said framework may be amended from time to time with the Association’s prior written approval.
10. "Environmental and Social Management Plan" and "ESMP" mean a plan, approved by the Association for the Project, to be prepared by the Recipient, if required by the ESMF, proposing appropriate mitigation, monitoring and institutional measures designed to mitigate potential adverse environmental and resettlement impacts, offset them, reduce them to acceptable levels or enhance positive impacts, as the same may be amended from time to time with the agreement of the Association.

11. "Flying Capacity Building Team" means the team referred to in Section I.A.6 of Schedule 2 to this Agreement.


14. "Independent Performance Assessment Team" means the team referred to in Section I.D.3 of Schedule 2 to this Agreement.

15. "Local Development Plans" means the plans referred to in Part 2(b)(vi) of the Project, to be prepared by each Target City as required under Section I.A.5 of Schedule 2 to this Agreement, outlining the investment priorities of the city, and as may be amended from time to time.

16. "MOUPH" means the Recipient’s ministry of spatial and urban planning and housing, and any successor thereto responsible for urban development.

17. "Operating Costs" means incremental recurrent expenditures incurred on account of Project implementation, including: local contractual support staff salaries; travel expenditures and other travel-related allowances; equipment rental and maintenance; vehicle operation (including fuel), maintenance and repair; office rental and maintenance, materials and supplies; and utilities, media information campaigns and communications’ expenses, but excluding the salaries of officials and public servants of the Recipient’s civil service.

18. "Original Financing Agreement" means the financing agreement for an Urban Development Project between the Recipient and the Association, dated June 8, 2013, as amended to the date of this Agreement (Grant No. H842-ZR).

19. "Original Project" means the Project described in Schedule 1 to the Original Financing Agreement.

20. "Original Target Cities" means the cities of Bukavu, Kitwit, Kalemie, Kindu, Matadi and Mbandaka.
“OVD” means Office de Voirie et Drainage, the Recipient’s specialized urban road agency, established pursuant to the Recipient’s Ordonnance No. 87-331 du 16 septembre 1987 portant creation et statuts d’une entreprise publique denomme office des voires et drainage en abrege”.

“Performance-Based Grant” means a grant made or proposed to be made out of the proceeds of the Financing by the Recipient to a Target City under a Performance-Based Grant Agreement, in accordance with the provisions of Section I.E of Schedule 2 of this Agreement, to finance the provision of goods, works and services in support of the performance of agreed services, the carrying out of works and the purchase of goods for Subprojects.

“Performance-Based Grant Agreement” means an agreement among the Recipient, a Target City and the relevant Project Province referred to in Section I.E.2 of Schedule 2 to this agreement pursuant to which the Recipient shall provide the Target City with a Performance-Based Grant subject to the Target City’s satisfaction of the performance assessment criteria referred to in Section I.E.1 of Schedule 2 to this Agreement and in accordance with selection procedures further elaborated in the Project Implementation Manual.

“Permanent Secretariat” means the secretariat referred to in Section I.A.3 of Schedule 2 to this Agreement which is the Recipient’s department in charge of urban planning and development located within MOUPH and established pursuant to the Recipient’s Arrêté Ministérial No. MINPLARECO/007/ALSD/2000 du 3 novembre 2000 and supplemented by the Recipient’s Fonction Publique No."CAB.MIN/FP/RMkit/039/2001 du 3 septembre 2001 portant uniformisation et harmonisation des structures d’Etudes et de planification dites Directions d’Etudes et de Planification <<DEP>>, and mandated to implement the Project as detailed in the Recipient’s letter No.MIN.ATUHITPR/SG-UH/DEP/521/DMKT/2013 to the Association, dated March 21, 2013.

“Procurement Code” means the Recipient’s procurement code promulgated by Loi No. 10/010 du 27 avril 2010 as well as its implementing regulations.


“Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 23, 2017, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

“Procurement Regulator” means the Recipient’s procurement regulator as defined in the Procurement Code.
29. "Project Implementation Manual" means the implementation manual adopted by the Recipient as confirmed in the Recipient’s letter No. MIN.ATUHITPR/SG-UH/DEP/520/DMKT/2013, dated March 21, 2013, as updated, containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) monitoring, evaluation, reporting and communication; (e) performance assessment indicators and criteria for Target Cities and procedures for the selection and financing of Subprojects; and (f) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, as the same may be amended from time to time with the prior written consent of the Association.

30. "Project Province" means the provinces of South Kivu, Katanga, Bandundu, Maniema, Bas-Congo, and Equateur established pursuant to the Recipient’s: (a) Ordonnance No. 68/022 bis du 19 janvier 1968 portant création des provinces du Bénéficiaire; and (b) l’Ordonnance No. 88-031 du 20 juillet 1988 portant création des provinces de Maniema, Sud-Kivu et Nord-Kivu.

31. "Project Steering Committee" means the committee established by the Recipient pursuant to the Recipient’s Arrête Ministeriel No. CAB/MIN/ATUHITPR/002/2013, dated March 19, 2013.

32. "Provincial Steering Committee" means the entity established by the Recipient in each Project Province pursuant to the Recipient’s: (a) Arrêté provincial No. 13/013/GP/SK du 25/03/2013 portant la mise en place du comité de pilotage provincial de projet de développement urbain dans la ville de Bukavu; (b) Arrêté No. 2013/0019/KATANGA du 23 mars 2013 portant création, organisation et fonctionnement du comité provincial de pilotage des projets de développement urbain (PDU) pour la province de Katanga; (c) Arrêté No. 028/CAB/PROGOU/JKK/2013 portant création du comité provincial de pilotage du projet de développement urbain dans la ville de Bukavu; (d) Arrêté No. 2013/0015/CAB/GP-MMA/2013 du 25/03/2013 portant mise en place du comité de pilotage provincial du projet de développement urbain dans la ville de Kindu en Province du Maniema; (e) Arrêté provincial No. 090/BIS/CAB.GOUV/B/0013/2013 du 23 mars 2013 portant la mise en place du comité de pilotage provincial du projet de développement urbain dans la ville de Mbandaka; and (f) Arrêté provincial No. 2010/023/CAB/PROGOU/EQ/BCDE/2013 du 26 mars 2013 portant création et fonctionnement du comité de pilotage provincial du projet de développement urbain dans la ville de Mbandaka, (g) l’Arrêté provincial n° 01/050 du 25 mars 2017 portant mise en place du comité de pilotage provincial de projet de développement urbain dans la ville de Goma; (h) l’Arrêté provincial n° 01/016 du 16 mars 2017 portant mise en place du comité de pilotage provincial de projet de développement urbain dans la ville de Kinsangani; and (i) l’Arrêté provincial du
16 mars 2017 portant mise en place du comité de pilotage provincial de projet de développement urbain dans la ville de Kolwezi, respectivement.

33. "Resettlement Action Plan" and "RAP" mean the plans approved by the Association for the Project, prepared by the Recipient on the basis of the RPF (as hereinafter defined) as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association and subject to the initial consultation and disclosure requirements carried out on the RAP.

34. "Resettlement Policy Framework" and "RPF" mean the document disclosed for the purposes of the Project, in the Recipient’s territory on December 24, 2012, and at the Association’s Infoshop on January 15, 2013, and updated and disclosed on March 14, 2017, outlining the policies and procedures to be implemented in the event that specific activities implemented under the Project have potentially negative impacts on the livelihoods, assets and land of the affected population, as the said framework may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document.

35. "Safeguards Instruments" means the ESMF and the RPF and any Supplemental Social and Environmental Safeguards Instruments.

36. "Subproject" means a specific investment project to be carried out by the Target Cities or the Recipient on behalf of the Target Cities under Part 2(a) of the Project under the criteria set forth in Section 1.E of Schedule 2 to this Agreement.

37. "Supplemental Social and Environmental Safeguards Instruments" mean any EMP, RAP or other supplemental social and environmental safeguards instruments as required under the terms of any of the ESMF or RPF.

38. "Target Cities" mean the both the Original Target Cities and the Additional Target Cities established pursuant to the Recipient’s: (a) Loi No. 12/357 du 6 septembre 1958 portant création de la ville de Bukavu; (b) Ordonnance No. 70/095 du 15 mars 1970 portant création de la ville de Kikwit; (c) Article 1er du Decret No. 012/12 du 18 février 2012; (d) Ordonnance No. 88/176 du 15 novembre 1988; (e) Ordonnance No. 28/539 du 23 octobre 1959 portant création de la ville de Matadi; and (f) Décret du 26 mars 1957 par acte du 6 décembre 1957 respectively, in which all Subprojects are to be implemented as confirmed by the Recipient’s letter to the Association, dated April 12, 2012; and (g) Ordonnance No. 89 du 22 Mai 1989 portant la creation de la ville de Goma; (h) Ordonnance No. 12/357 du 6 septembre 1958 portant la creation de la ville de Kisangani; et (i) Ordonnance No. 71/177 du 23 juillet 1958 portant la creation de la ville de Kolwezi.

39. "Training" means the training of persons under the Project, including through seminars, workshops, knowledge sharing activities and study tours, and covers the
following costs associated with such activity: travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.